

AMENDED IN SENATE JULY 6, 2012
AMENDED IN SENATE JUNE 25, 2012
AMENDED IN ASSEMBLY JANUARY 26, 2012
AMENDED IN ASSEMBLY JUNE 3, 2011
AMENDED IN ASSEMBLY JUNE 1, 2011
AMENDED IN ASSEMBLY MAY 27, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 970

**Introduced by Assembly Members Fong and Block
(Principal coauthor: Assembly Member John A. Pérez)
(Coauthors: Assembly Members Brownley, Galgiani, and
Portantino)**

February 18, 2011

An act to add Article 3.7 (commencing with Section 66028) to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL’S DIGEST

AB 970, as amended, Fong. University of California and California State University: systemwide student fees.

Existing law, known as the Donahoe Higher Education Act, sets forth the missions and functions of the segments of public postsecondary education in the state. The California State University, which is governed by the Trustees of the California State University (trustees), and the University of California, which is governed by the Regents of the University of California (regents), are 2 of the segments of public

postsecondary education. The provisions of the Donahoe Higher Education Act apply to the University of California only to the extent that the regents act by resolution to make them applicable.

Under existing law, the California State University and the University of California are authorized to charge fees to students attending their respective institutions.

This bill would establish the Working Families Student Fee Transparency and Accountability Act as a part of the Donahoe Higher Education Act, and would establish various policies relating to student fees and student financial aid at the University of California and the California State University.

The bill would require the regents and the trustees to comply with prescribed public notice and student consultation procedures prior to adopting an increase in mandatory systemwide fees, and would prohibit them from adopting a mandatory systemwide fee increase before specified dates, except as specified. The bill would require the regents and the trustees, by April 2, 2013, to develop a list of factors that would be required to be taken into consideration when developing recommendations to adjust mandatory systemwide fees.

The bill, commencing with the 2012–13 academic year, would require the trustees and the regents to provide annual reports on expenditures and financial aid to the Legislature, and would require the Legislative Analyst’s Office to annually review and report to the Legislature its findings, conclusions, or recommendations regarding the implementation of policies implemented pursuant to the bill.

Because the provisions of the bill would be added to the Donahoe Higher Education Act, they would apply to the University of California only to the extent that the regents act by resolution to make them applicable.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California 1960 Master Plan for Higher Education
- 4 declared that a tuition-free higher education is in the best interest
- 5 of the state and should be continued for all California residents.

1 (b) The state has long recognized the value of providing broad
2 access to postsecondary education to the state's diverse residents
3 and has demonstrated that commitment by investing in
4 postsecondary education. This act seeks to continue the state's
5 historic commitment to ensuring affordability and access and
6 maintaining quality through the state's public universities, while
7 recognizing the fiscal challenges that confront both the state and
8 postsecondary education.

9 (c) According to the 2012 Public Policy Institute of California
10 report, "Defunding Higher Education," the University of California
11 and the California State University have responded to funding cuts
12 by reducing course offerings and limiting enrollment, as well as
13 increasing tuition and fees. Despite large increases in the number
14 of high school graduates, state general fund spending on
15 postsecondary education has declined notably. In 2010–11, the
16 state spent \$1.6 billion less on postsecondary education than it did
17 10 years earlier.

18 (d) The state's working families who have children attending
19 the state's public colleges and universities have endured significant
20 increases in mandatory systemwide student fees. While financial
21 aid has alleviated some of the impact from this increase in fees,
22 the increased cost of a college education remains of concern for
23 working families.

24 (e) A report by the California Postsecondary Education
25 Commission, published in 2011 and entitled "College Costs and
26 Family Income: The Affordability Issue at the UC and the CSU,"
27 detailed that rising costs are making an education at California's
28 public universities more of a financial strain for many Californians
29 as their incomes have not kept pace with these increasing costs.

30 (f) Between 1990 and 2009, costs for a University of California
31 student living on campus rose by 70 percent. Costs for a California
32 State University student living with his or her family rose by over
33 80 percent. In this period, median family income in California
34 grew by only 16 percent. With rising costs, and flat or falling
35 incomes, the cost of supporting a student is taking an increasing
36 percentage of the incomes of these families.

37 (g) In 2009, the total cost of attendance for a student living on
38 campus at the University of California was \$27,100, an increase
39 of 18 percent from three years earlier. Costs at the California State
40 University increased by 23 percent, to \$20,100, during that period.

1 (h) Even with grants and fee waivers, the net cost of a year of
2 attendance at a University of California or a California State
3 University campus is one-third of annual income for a lower
4 income family. Net costs for middle-income families are about
5 one-quarter of annual income. As a result, students may have to
6 work additional hours or increase their debt burden to meet college
7 expenses.

8 (i) Increased costs can hinder a student's progress toward a
9 degree, forcing students to cut their class load to work more hours,
10 leave for semesters at a time, or drop out of school entirely.

11 (j) According to the "Student Expenses and Resources Survey"
12 conducted by the Student Aid Commission during the 2006–07
13 academic year, approximately 74 percent of all undergraduate
14 students in the California State University system worked for pay
15 for an average of 24 hours per week. Fifty-one percent of these
16 students reported working over 20 hours per week on average. In
17 the University of California system, approximately 54 percent of
18 all undergraduate students worked for pay for an average of 17
19 hours per week, and 23 percent of these students reported working
20 over 20 hours per week on average.

21 (k) The Institute for College Access and Success, in its report
22 "Student Debt and the Class of 2009," showed that average debt
23 accumulation for California students at public universities has
24 risen by 18 percent since 2005. In California, the average student
25 debt for students who completed a bachelor's degree was \$17,326,
26 and national data show that some of the lowest income students
27 who generally have family incomes under \$50,000 are much more
28 likely to borrow, and borrow more than their higher income peers,
29 impacting job opportunities and choices after graduation.

30 (l) The Regents of the University of California have raised
31 mandatory systemwide student fees by 68 percent since the
32 2007–08 academic year, and over 200 percent in the past decade.
33 The Trustees of the California State University have raised
34 mandatory systemwide student fees by 76 percent since the
35 2007–08 academic year, and over 242 percent in the past decade.

36 (m) The state does not have a proper accounting of the total
37 costs of educating students at either the University of California
38 or the California State University, or the actual uses of student fee
39 revenues, and it is critical for the state's public colleges and

1 universities to demonstrate transparency and accountability to the
2 general public.

3 (n) The state, in partnership with the state's colleges and
4 universities, is committed to ensuring that all financially needy
5 students have the financial assistance necessary for them to enroll
6 in institutions of higher education and complete their postsecondary
7 education objectives.

8 (o) The principles expressed in this act seek to continue the
9 state's historic commitment to ensuring access to the state's public
10 universities for all Californians by ensuring sufficient notification
11 to the general public, students, and the state's working families of
12 any increases in student fees, proper consultation with students,
13 and accountability and transparency with respect to student fee
14 revenue.

15 (p) Changes in resident student fees or in student financial aid
16 funding or packaging policies should take into consideration the
17 total cost to the student of attending the university, including
18 mandatory campus-based student fees, housing and living expenses,
19 as well as all other expenses associated with university attendance.

20 (q) Any increases in mandatory systemwide fees should be
21 accompanied by appropriate increases in funding for need-based
22 student financial aid.

23 SEC. 2. Article 3.7 (commencing with Section 66028) is added
24 to Chapter 2 of Part 40 of Division 5 of Title 3 of the Education
25 Code, to read:

26
27 Article 3.7. Working Families Student Fee Transparency and
28 Accountability Act
29

30 66028. This article shall be known, and may be cited, as the
31 Working Families Student Fee Transparency and Accountability
32 Act.

33 66028.1. For purposes of this article, the following terms have
34 the following meanings:

35 (a) "Consultation" or "consult" means a meeting between the
36 appropriate statewide student association representatives and
37 representatives from the University California or the California
38 State University, whichever is applicable, in which the
39 representatives from the institutions provide, at minimum, all the
40 following information at least five days before the meeting:

1 (1) A justification for a fee increase proposal, setting forth the
2 facts supporting the fee increase.

3 (2) A statement specifying the purposes for which revenue
4 derived from a fee increase will be used.

5 (3) A description of the efforts to mitigate the impact of the fee
6 increase on needy students.

7 (4) The potential impact to students, including, but not limited
8 to, the changes to the minimum workload burden for all students,
9 if applicable, institutional financial aid awards, and the average
10 student loan debt for undergraduates.

11 (5) Alternative proposals that can be considered in lieu of the
12 proposed net student fee revenue proposal.

13 (b) “Cost of attendance” means the tuition and fees, books and
14 supplies, room and board, transportation, and miscellaneous
15 personal expenses for an undergraduate California resident student,
16 as used in determining financial aid eligibility.

17 (c) “Mandatory systemwide fees” means the fees that resident
18 students enrolled in the California State University or the
19 University of California, as applicable, are required to pay in order
20 to enroll in courses for the academic term pursuant to any law or
21 any policy adopted by the trustees or the regents, as applicable.

22 (d) “Regents” means the Regents of the University of California.

23 (e) “Resident” means a student who is exempt from paying
24 nonresident tuition pursuant to Chapter 1 (commencing with
25 Section 68000) of Part 41.

26 (f) “Trustees” means the Trustees of the California State
27 University.

28 66028.2. The following state policies apply to student financial
29 aid for resident students, and mandatory systemwide fees charged
30 at the University of California and the California State University:

31 (a) As any changes in mandatory systemwide fees and financial
32 aid resources are considered, the impact on students should be
33 explained to students, including, but not limited to changes to the
34 minimum work or loan burden for all students, if applicable,
35 institutional financial aid awards, and the average student loan
36 debt for undergraduate students.

37 (b) Students should be consulted before increases on mandatory
38 systemwide fees are proposed, so that students can provide input
39 and ask questions regarding the need for any increases in
40 mandatory systemwide fees.

1 (c) Adequate advance notice should be provided to students
2 regarding any future mandatory systemwide fees, thereby allowing
3 the students and their families greater time to prepare for the
4 mandatory systemwide fees to be assessed.

5 (d) In order to ensure that access is not precluded for any eligible
6 student, and particularly for financially needy students, all current
7 and prospective students should be provided with timely
8 information concerning student financial aid, including the
9 processes associated with applying for and obtaining student
10 financial assistance.

11 (e) In order for the general public to maintain confidence in the
12 state's public colleges and universities, every effort should be
13 made to ensure increased transparency in the uses of mandatory
14 systemwide fee revenue and the rationale for implementing
15 mandatory systemwide fee increases.

16 66028.3. (a) Ten days prior to holding a meeting to discuss or
17 adopt an increase in mandatory systemwide fees, the University
18 of California and the California State University shall provide
19 public notice of the proposed mandatory systemwide fee increase
20 as a discussion item in the public agenda for a meeting of the
21 respective governing board. The public notice shall allow for
22 comments to be received, both verbally and in writing, at the
23 meeting and during the 45-day period required pursuant to
24 subdivision (c). The public notice of the proposed mandatory
25 systemwide fee increase shall, at a minimum, include all of the
26 following:

27 (1) A justification for the fee increase proposal, setting forth
28 the facts supporting the fee increase.

29 (2) A statement specifying the purposes for which revenue
30 derived from a fee increase will be used.

31 (3) A description of the efforts to mitigate the impact of the fee
32 increase on needy students.

33 (4) The potential impact to students, including, but not limited
34 to, the changes to the minimum workload burden for all students,
35 if applicable, institutional financial aid awards, and the average
36 student loan debt for undergraduates.

37 (5) Alternative proposals that can be considered in lieu of the
38 proposed net student fee revenue proposal.

39 (b) The University of California and the California State
40 University shall consult with their respective statewide student

1 associations at least 30 days prior to providing public notice of the
2 proposed mandatory systemwide fee increase. The range of
3 potential mandatory systemwide fees under consideration for the
4 next fiscal year shall be discussed with appropriate student
5 representatives at the time of consultation before public notice of
6 the mandatory systemwide fee increase proposal.

7 (c) The regents and the trustees shall not act to adopt a
8 mandatory systemwide fee increase until at least 45 days after a
9 public meeting is held to discuss the fee. The regents and the
10 trustees shall provide a summary of the comments received
11 pursuant to subdivision (a) in the public notice provided before
12 the meeting to adopt a mandatory systemwide fee increase.

13 (d) The regents and the trustees shall not adopt an increase in
14 mandatory systemwide fees after the 90th day prior to the
15 commencement of classes for the academic year. This prohibition
16 shall not apply to an increase in mandatory systemwide fees for a
17 summer session.

18 (e) (1) In cases where the Governor's proposed budget reduces
19 appropriations from the prior annual Budget Act for the University
20 of California or California State University, the Legislature enacts
21 or authorizes reduced appropriations from the prior annual Budget
22 Act for the University of California or California State University,
23 ~~or~~ the Legislature enacts a budget reduction for the support of *the*
24 University of California or California State University in the middle
25 of a fiscal year, *or the Governor implements a budget reduction*
26 *for the support of the University of California or California State*
27 *University in the middle of a fiscal year*, subdivisions (a), (b), (c),
28 and (d) shall not apply.

29 (2) In the instances described in paragraph (1), the University
30 of California and the California State University shall discuss with
31 their respective statewide student associations proposals for
32 mandatory systemwide fee increases at least seven days before
33 posting notice of action to increase those fees. An increase in the
34 mandatory systemwide fees at the University of California or the
35 California State University shall not become effective until at least
36 30 days have elapsed after the date on which the fee increase was
37 adopted.

38 (f) Following the adoption of an increase in mandatory
39 systemwide fees in accordance with this act, the University of
40 California and the California State University shall notify

1 matriculated students of the mandatory systemwide fees to be
2 assessed in the upcoming academic year or the upcoming quarter
3 or semester. In addition, the respective institution shall
4 simultaneously inform students about the availability of student
5 financial aid and the procedures for obtaining that financial aid in
6 order to assist students with meeting the increased costs of
7 attendance.

8 66028.4. (a) On or before April 2, 2013, the regents and the
9 trustees each shall develop a list of factors that shall be taken into
10 consideration when developing recommendations to adjust
11 mandatory systemwide fees consistent with the policies set forth
12 in this article. The factors shall include, at a minimum, the level
13 of state support, total cost of attendance, impact on various
14 categories of students, including historically underrepresented
15 students and low- to middle-income students, as well as efforts to
16 mitigate the impacts.

17 (b) The factors, and any subsequent amendments to those
18 factors, shall be developed in consultation with the appropriate
19 statewide student body associations and shall be formally adopted
20 by the regents or the trustees in an open and public meeting.

21 (c) Nothing in this section shall be construed to exempt any
22 increase in mandatory systemwide fees from the requirements of
23 Section 66028.4.

24 66028.5. (a) The regents and the trustees are urged to maintain
25 their commitment to institutional financial aid program funding
26 by ensuring that at least 33 percent of the revenues of an increase
27 to existing mandatory systemwide fees charged to resident students
28 is set aside by the regents or the trustees, as applicable, for
29 institutional student aid to assist students and families in meeting
30 the total cost of education.

31 (b) The regents and trustees shall report their compliance with
32 this section in their respective annual reports on institutional
33 financial aid pursuant to Section 66021.1.

34 66028.6. (a) Notwithstanding Section 10231.5 of the
35 Government Code, commencing with the 2012–13 academic year,
36 the regents and the trustees shall annually provide the Legislature,
37 by February 1 of each year, with detailed information regarding
38 expenditures of revenues derived from student fees and uses of
39 institutional financial aid, and shall provide information regarding
40 the systemwide average total cost of attendance per student. For

1 purposes of meeting the requirements of this section, the regents
2 and the trustees may include this information in their respective
3 annual report on institutional financial aid pursuant to Section
4 66021.1.

5 (b) Notwithstanding Section 10231.5 of the Government Code,
6 commencing with the 2012–13 academic year, the Legislative
7 Analyst’s Office shall annually review, by March 1 of each year,
8 institutional compliance with the policies set forth in this article,
9 and report, in writing, to the Legislature its findings, conclusions,
10 or recommendations regarding the implementation of these policies.
11 This report shall include an assessment of the information provided
12 by the regents and the trustees pursuant to subdivision (a).

13 (c) A report submitted pursuant to this section shall be submitted
14 in compliance with Section 9795 of the Government Code.